

**NATIONAL RAILROAD PASSENGER CORPORATION**

**BOARD OF DIRECTORS**

**MINUTES OF MEETING**

**SEPTEMBER 27, 2019**

The Board of Directors (Board) of the National Railroad Passenger Corporation (Amtrak or Corporation) held a duly noticed meeting in the Board Room of the Corporation's headquarters located at 1 Massachusetts Ave., N.W., in Washington, D.C. on Friday, September 27, 2019.

Board Members participating in the meeting were Anthony Coscia (Board Chairman), Jeffrey Moreland (Board Vice-Chairman), Richard Anderson (President, non-voting), Yvonne Burke, Thomas Carper and Albert DiClemente.

Joel Szabat (DOT Assistant Secretary and Secretary of Transportation voting delegate for this meeting) and Paul Nissenbaum (FRA Associate Administrator) participated in the meeting.

Stephen Gardner (Senior Executive Vice President, Chief Operating and Commercial Officer), Eleanor D. Acheson (Executive Vice President, Chief Legal Officer, General Counsel & Corporate Secretary), Tracie Winbigler (Executive Vice President, Chief Financial Officer), Ken Hylander (Executive Vice President, Chief Safety Officer), Scot Naparstek (Executive Vice President, Chief Operating Officer), DJ Stadtler (Executive Vice President, Chief Administration Officer), Christian Zacariassen (Executive Vice President, Chief Information Officer), Roger Harris (Executive Vice President, Marketing & Revenue) and Dennis Newman (Executive Vice President, Strategy & Planning ) participated in the meeting.

Charlie King (Vice President, Chief Mechanical Officer), Gery Williams (Vice President, Chief Engineer), Ray Verrelle (Engineering & Design), Ilde Burgos (Assistant Vice President, Project Delivery Engineering), Laima Bashir (Vice President, Financial Planning & Analysis), Bruno Maestri (Vice President, Government Affairs & Corporate Communications), Ken Altman (Senior Director, Government Affairs), Bill

Heinrich (Assistant Vice President, Information Security), Robert Hutchinson (Assistant Vice President, Technology Operations), Paul Vilter (Assistant Vice President, Amtrak Services) and William Herrmann (Vice President, Managing Deputy General Counsel & Assistant Corporate Secretary) attended the meeting.

Mr. Coscia chaired the meeting. A quorum was confirmed, and Mr. Coscia called the meeting to order at 7:30 a.m. The minutes were recorded by Ms. Acheson and Mr. Herrmann.

#### **FY 2020 AMTRAK OPERATING PLAN**

Mr. Gardner described the strategy for developing the FY 2020 plan. Ms. Winbigler and Ms. Bashir led a discussion about the FY 2020 Operating and Capital plans. They discussed the emphasis on the Amtrak corporate pillars, cost efficiencies and investments in key initiatives while achieving breakeven adjusted operating earnings. Ms. Winbigler discussed the risks and opportunities to achieving this goal that are incorporated in the plan and how it will be important to closely monitor monthly results. The Board reviewed the details of the report and Mr. Gardner, Ms. Winbigler and Ms. Bashir answered questions posed by the Directors.

After further discussion, Mr. Moreland moved for a vote, seconded by Ms. Burke, and the Board voted to adopt the following resolutions:

**WHEREAS**, National Railroad Passenger Corporation ("Amtrak" or "Corporation") policy requires the Board of Directors ("Board") to annually approve the Annual Operating Plan ("AOP") after receiving recommendation from the Audit & Finance Committee of the Board ("AFC"); and

**WHEREAS**, Amtrak policy adopted March 12, 2018, requires AFC approval for any capital project contained within the AOP with life-of-project ("LOP") costs between Exemption 4 and AFC recommendation for Board approval for any capital project where LOP costs will exceed Exemption 4; and

**WHEREAS**, the AFC has reviewed the proposed FY 2020 AOP, including the proposed FY 2020 capital spend of Exemption 4 (the "FY 2020 Capital Spend Plan"); and

**WHEREAS**, Management has presented to the AFC and the AFC has reviewed the scope and financials related to the following proposed capital projects in the FY 2020 AOP with LOP costs between **Exemption 4** (collectively, the **Exemption 4 - Exemption 4 Capital Projects**):

Department	Project Name	ITD Spend Thru FY 2019	Plan FY 2020	Total Life of Project
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4

; and

**WHEREAS**, Management requests approval of the AFC of the **Exemption 4 - Exemption 4 Capital Projects**; and

**WHEREAS**, Management has presented to the AFC and the AFC has reviewed the scope and financials related to the following ongoing, annual projects in the FY 2020 AOP between **Exemption 4** in FY 2020 (collectively, the **Exemption 4 - Exemption 4 Program Costs**):

Department	Project Name	Plan FY 2020
Exemption 4	Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	Exemption 4 Exemption 4

; and

**WHEREAS**, Management requests approval of the AFC for the **Exemption 4 - Exemption 4 FY 2020 Program Costs**; and

**WHEREAS**, Management has presented to the AFC and the AFC has reviewed the scope and financials related to the following historical capital projects in the FY 2020 AOP with LOP costs between **Exemption 4** that commenced construction prior to FY 2020 and the implementation of the new capital projects delegation and approval process (collectively, the **Exemption 4 - Exemption 4 - Exemption 4 - Exemption 4 - Exemption 4**):

Department	Project Name	ITD Spend Thru FY 2019	Plan FY 2020	Total Life of Project
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4
Exemption 4	Exemption 4	\$	Exemption 4 Exemption 4	Exemption 4 Exemption 4

; and

**WHEREAS**, Management requests approval of the AFC for the FY 2020 AOP costs related to the [Exemption 4] Historical Capital Projects and commits to seeking annual approval for the costs associated with each respective project during each fiscal year until the completion of such project; and

**WHEREAS**, Management has presented to the AFC and the AFC has reviewed the scope and financials related to following historical capital projects in the FY 2020 AOP with LOP costs greater than [Exemption 4] that commenced construction prior to FY 2020 and the implementation of the new capital projects delegation and approval process (collectively, the

[Exemption 4] *Historical Capital Projects*" :  
[Exemption 4]

Department	Project Name	ITD Spend Thru FY 2019	Plan FY 2020	Total Life of Project
Exemption 4	Exemption 4 Exemption 4 Exemption 4	Exemption 4 Exemption 4 Exemption 4	Exemption 4 Exemption 4 Exemption 4	Exemption 4 Exemption 4
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Exemption 4	Exemption 4 Exemption 4	Exemption 4 Exemption 4	Exemption 4 Exemption 4	Exemption 4 Exemption 4

; and

**WHEREAS**, Management requests AFC recommendation for Board approval of the FY 2020 AOP costs related to the [Exemption 4] Historical Capital Projects and commits to seeking annual approval for the costs associated with each respective project during each fiscal year until the completion of such project; and

**WHEREAS**, Management has presented to the AFC and the AFC has reviewed the scope and financials related to the following capital projects in the FY 2020 AOP with estimated LOP costs between [Exemption 4] (collectively, the [Exemption 4] *Capital Projects*" :

; and

**WHEREAS**, Management has informed the AFC that the Potential Capital Projects are still in preliminary and/or pre-construction phases and the estimated LOP costs for such projects may change as each of the projects progress;

**WHEREAS**, Management requests AFC approval of the FY 2020 AOP costs related to the Potential **Exemption 4** Capital Projects, provided, that, Management must return to the Audit & Finance Committee of the Board and/or the Board, as applicable, for approval for any additional costs related to the respective Potential **Exemption 4** Capital Project above the amount sent forth in the FY 2020 AOP and any required approval of the LOP costs (the **Exemption 4** **Capital Project Approval Condition**"); and

**WHEREAS**, Management has presented to the AFC and the AFC has reviewed the scope and financials related to the following capital projects in the FY 2020 AOP with estimated LOP costs that exceed Exemption 4 (collectively, the Exemption 4 Capital Projects"):

## Exemption 4

; and

**WHEREAS**, Management has informed the AFC that the Potential **Exemption 4** Capital Projects are still in preliminary and/or pre-construction phases and the estimated LOP costs for such projects may change as each of the projects progress; and

**WHEREAS**, Management requests AFC recommendation that the Board approve the FY 2020 AOP costs related to the Potential Exemption 4 Capital Projects, provided, that, Management must return to the AFC and/or the Board, as applicable, for approval of any additional costs related to the respective Potential Exemption 4 Capital Project above the amount sent forth in the FY 2020 AOP and any required approval of the LOP costs (the Exemption 4 Capital Project Approval Condition"); and

**WHEREAS**, Amtrak is implementing a program of projects that will deliver critical rail infrastructure improvements between Newark, New Jersey and the Station along Amtrak's Northeast Corridor, which includes a project to expand the capacity of New York Penn Station located in New York, New York ("Penn Station Expansion Project"); and

**WHEREAS**, 305 West 30<sup>th</sup> Street, 405 Eighth Avenue, 407 Eighth Avenue, 415 Eighth Avenue, also known as Lots 35, 37, 38, and 44 on Block 754 in Manhattan (the "**Properties**") are within or within proximity to the current proposed track alignment for the Penn Station Expansion Project and the acquisition of the Properties is necessary to preserve Amtrak's ability to implement the Penn Station Expansion Project; and

**WHEREAS**, Management requests that the AFC recommend the Board approve the negotiation of an agreement of sale of the Properties to Amtrak for an amount up to **Exemption 4**, provided, that Management will obtain Board approval prior to executing any definitive agreement to purchase or commence any condemnation proceedings with respect to the Properties (the "**Property Negotiations**"); and

**WHEREAS**, The AFC deems it to be in the best interests of the Corporation to approve the (i) **Exemption 4** Capital Projects, (ii) **Exemption 4** FY 2020 Program Costs, (iii) FY 2020 AOP costs related to the **Exemption 4** Historical Capital Projects and (iv) **Exemption 4** Capital Projects, subject to the Potential **Exemption 4** Capital Projects Approval Condition; and

**WHEREAS**, The AFC deems it to be in the best interests of the Corporation to recommend approval by the Board of the (i) AOP, including the FY 2020 Capital Spend Plan, (ii) FY 2020 AOP costs related to the **Exemption 4** Historical Capital Projects, (iii) Potential **Exemption 4** Capital Projects, subject to the Potential **Exemption 4** Capital Projects Approval Condition and (iv) Property Negotiations; therefore, be it

**RESOLVED**, That the AFC approves the (i) **Exemption 4** Capital Projects, (ii) **Exemption 4** FY 2020 Program Costs, (iii) FY 2020 AOP costs related to the **Exemption 4** Historical Capital Projects and (iv) Potential **Exemption 4** Capital Projects, subject to the Potential **Exemption 4** Capital Projects Approval Condition; and

**FURTHER RESOLVED**, That the AFC recommends Board approval of the (i) FY 2020 AOP, including the FY 2020 Capital Spend Plan, (ii) FY 2020 AOP costs related to the **Exemption 4** Historical Capital Projects, (iii) Potential **Exemption 4** Capital Projects, subject to the Potential **Exemption 4** Capital Projects Approval Condition and (iv) Property Negotiations.

(5-0-1) Mr. Szabat abstained.

#### **ENGINEERING AND MECHANICAL PLAN REVIEW**

Mr. Williams and Mr. King led a discussion about the Engineering and Mechanical capital program performance and FY 2020 plans. Mr. Williams discussed the FY 2019 accomplishments while Mr. Verrelle and Mr. Burgos discussed highlights of specific projects. Mr. King described improvements in safety including a reduction in certain injuries and operating rule violations. Mr. King also described how equipment

performance is not keeping pace with the operational requirements evidenced by the number of initial terminal delays in NEC showing the need to replace this equipment. Mr. King also described how PTC initialization issues are improving quickly leading to better performance.

#### **ANCILLARY BUSINESS LINE STRATEGY REPORT**

Mr. Newman and Mr. Vilter updated the board on the ancillary business services. Mr. Vilter described the business unit as relatively new and focused on bringing in additional revenue with a strategic purpose that does not distract from Amtrak's core business. This business unit is also responsible for commercial business such as the pending request for proposals to run the Metrolink service. There was general discussion about these efforts and Mr. Newman and Mr. Vilter answered questions posed by the Directors.

#### **Host Railroad Strategy Update**

Mr. Newman and Mr. Blair provided an update on Amtrak's relationship with the host railroads over which Amtrak operates, including the pending dispute with Canadian National railroad at the Surface Transportation Board. Mr. Newman and Mr. Blair also discussed ongoing efforts with the Federal Railroad Administration to draft new Section 207 PRIIA Metrics and Standards designed to improve on-time performance. There was a discussion about the briefing and Mr. Newman answered the Directors' questions.

#### **Industrial Control Systems**

Mr. Zacariassen, Mr. Heinrich, Mr. Hutchinson and Mr. Williams briefed the board on industrial control initiatives associated with implementing cyber-security controls within the Amtrak infrastructure. Gery Williams joined them in this update. There was a discussion about the briefing and Mr. Heinrich and Mr. Williams answered the Directors' questions.

### **Safety & Security Strategy**

Upon recommendation of the Safety and Security Committee, the Board considered the proposed Safety and Security Strategy. After further discussion, Mr. DiClemente moved for a vote, seconded by Mr. Carper, and the Board voted to adopt the following resolutions:

**WHEREAS**, Amtrak policy requires the Board of Directors to approve any proposed action or other matter having an extraordinary or material impact on the Company's statutory mission and strategic goals; and

**WHEREAS**, On September 18, 2018, the Board of Directors approved Management's FY 2019 Safety Strategy; and

**WHEREAS**, Management has updated the Safety Strategy for FY 2020; and

**WHEREAS**, Management has developed a proposed Security Strategy for FY 2020 that builds on the principles adopted under the FY 2019 and FY2020 Safety Strategies; and

**WHEREAS**, The Safety and Security Committee has reviewed and recommends Management's proposed Safety Strategy for FY 2020; and

**WHEREAS**, The Safety and Security Committee has reviewed and recommends Management's proposed Security Strategy for FY 2020; therefore, be it

**RESOLVED**, That the Board of Directors approves Management's proposed FY 2020 Safety and Security Strategies; and

**FURTHER RESOLVED**, That the Board of Directors directs the President & CEO, the Senior Executive Vice President, Chief Operating and Commercial Officer, the Executive Vice President Chief Safety Officer and the Executive Vice President Chief Administration Officer to take any and all actions necessary to prioritize and execute all aspects of the FY 2020 Safety and Security Strategy with the full cooperation of all other members of the Executive Leadership Team.

(5-0-1) Mr. Szabat abstained.

### **EXECUTIVE SESSION**

Having completed the regular order portion of the meeting agenda, Mr. Coscia called the meeting to order to in Executive Session at 11:30 a.m.

ADJOURNMENT

There being no further business before the Board, the meeting adjourned at 12:00 p.m.

Eleanor D. Acheson

Eleanor D. Acheson  
Corporate Secretary

William Herrmann

William Herrmann  
Assistant Corporate Secretary